



August 1, 2008

Adrienne-jo F. Evans FLMI, AIE, AIRC
Health Insurance Analyst
Insurance Division
Department of Business Regulation
223 Richmond Street, Suite 223
Providence, RI 02903-4233

Re: Small Group Rate Filing – January 1, 2009
UnitedHealthcare of New England, Inc. and United HealthCare Insurance Company

Dear Ms. Evans,

The purpose of this letter is to provide you with the January 1, 2009 RI Small Group Annual Rate Filing as required by the Section 12 of Regulation 11, the Small Employer Health Insurance Availability Regulation. The format and content is as required by Rhode Island Insurance Bulletin Number 2008-3.

The following information is included with this filing:

Regulation 11 Section 12 (c): All of the submission requirements in Regulation 11 Section 12 (c) are included with this filing, with the exception of the sections waived by the Bulletin 2008-3. Section 12 (c) (7) was submitted on March 12, 2008. Affordability plan was filed with Large Group Filing and there are no updates.

Actuarial Memorandum contains the narrative explanation of how the factors contained in the template are used to develop a rating formula. Also, it provides description of how each element of trend has been determined and explanation of any other changes.

Small Group Rate Filing Template provides utilization data by quarter, trend factors for projection purposes, range of annual rate increases, profit, administrative expense, average commission % and expected loss ratio.

Actuarial Certification: This filing is accompanied by an actuarial certification signed by the appropriate officer that the proposed rates and methodology have been prepared on the basis of standard actuarial methods and assumptions and that they are in compliance with the requirements of R.I.G.L. Chapter 27-50 Section 27-50-5 and OHIC Regulation 11 Section 5.

Updated Rate Manual effective January 1, 2009 and beyond. Rate Manual provides actual claims experience, the projection of base rates, rating methodology and all other necessary components to produce the rates.


Confidentiality: We have enclosed two versions of the template (confidential and public copies) consistent with the treatment for the large group process. However, please note we have identified several other pages as confidential. Unlike our large group submission, there is considerably more detail enclosed for Small Group as we are providing an updated rate manual. Therefore, we ask that you take note that there are more items that must be kept confidential.

Filing Fee:

A filing fee of \$100 will be submitted by mail. We are unable to submit an electronic funds transfer transaction via the SERFF system at this time.

Should you have any questions or need additional information, please contact me at (203) 459-6123.

Sincerely,

A handwritten signature in cursive script, appearing to read "Carolann Smith".

Carolann Smith, MAAA
NE Regional Vice President of Actuarial Pricing
UnitedHealthcare

UnitedHealthcare of New England, Inc. and United HealthCare Insurance Company
Small Group Rate Filing – January 1, 2009

Regulation 11 Section 12 (c) Responses

Below are the responses to the reporting requirement under Small Employer Health Insurance Availability Regulation 11 Section 12 (c) for business sold in Rhode Island for UnitedHealthcare of New England and United HealthCare Insurance Company:

- 1) number of small employers issued health benefit plans in calendar year 2007:
 - ◆ newly issued: 455
 - ◆ renewals: 2077

All newly issued cases were reviewed by medical underwriting to determine the appropriate health status adjustment. All new groups were accepted by United after medical underwriting. Medical underwriting department does not review renewal business. A formula from the rate manual is used by financial underwriting department to determine health status adjustment for renewals. United does not reject any business based on medical underwriting review.

- 2) the number of small employers that were issued the HEALTHpact plan in the calendar year 2007: 15
- 3) Waived for this filing
- 4) 225
- 5) 95
- 6) Waived for this filing
- 7) an actuarial certification was submitted on March 14, 2008
- 8) Affordability plan was filed with Large Group Filing and there are no updates.

UnitedHealthcare of New England, Inc. and United HealthCare Insurance Company
Small Group Rate Filing – January 1, 2009

Small Group Rate/Trend Filing Template

1. Historical Information

Experience Period for Developing Rates	
From	To
2Q 2006	1Q 2008

Utilization Data by Quarter (Last 8 available quarters)

Quarter	End Date	IP Days*	OP Net PMPM	M/S Net PMPM	Rx Net PMPM	Earned Premium**	Incurred Claims**	Loss Ratio
1	6/30/2006	211.4	\$ 74.93	\$ 58.60	\$ 34.19			
2	9/30/2006	260.9	\$ 75.00	\$ 57.49	\$ 32.77			
3	12/31/2006	221.8	\$ 75.55	\$ 57.58	\$ 34.98			
4	3/31/2007	241.4	\$ 73.87	\$ 59.17	\$ 35.83			
5	6/30/2007	243.7	\$ 78.21	\$ 61.44	\$ 38.53			
6	9/30/2007	233.4	\$ 76.83	\$ 55.41	\$ 38.39			
7	12/31/2007	216.3	\$ 78.27	\$ 55.79	\$ 39.90			
8	3/31/2008	245.2	\$ 77.23	\$ 57.37	\$ 39.35			

*Days per 1000 members.

**The premium is based on the final renewal premium summed for each group for the period being reported and claims include – paid claims for the incurred period with claim reserves (IBNR), capitation payments for capitated arrangements, and other costs associated with affiliated agreements i.e. OPTIMUM SERVICES

Note: We do not believe historical trends based on pmpm average values are meaningful. However, we have provided these averages as requested except for pharmacy. For pharmacy the variation in copays and the distribution of members by design from one year to another totally distorts the actual trend. The pharmacy data represents the most popular plan design 10/30/50 (78% of 2Q2007-1Q2008 members).

2. Trend Factors for Projection Purposes (2009 Annualized)

	IP	OP	M/S	Rx	Total Medical
Total	14.4%	13.1%	8.5%	12.5%	12.0%
Price Only					
Utilization					
Demographics					
Mix of Service					
Leveraging					
Work/Cal Day					

*All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

3. The following items for the period to which the rate filing applies, by quarter:

Quarter	Beginning Date	Average % Rate		Expected Medical Loss		Administrative		Average	
		Increase	Ratio	Ratio	Net Profit	Expense	Commissions as	PCPM or Percent	
1 2009	1/1/2009	10.8%	80.0%	80.0%	1.6%	12.0%	4.5%		
2 2009	4/1/2009	10.8%	80.0%	80.0%	1.6%	12.0%	4.5%		
3 2009	7/1/2009	16.2%	80.0%	80.0%	1.6%	12.0%	4.5%		

UnitedHealthcare of New England and United HealthCare Insurance Company
ACTUARIAL CERTIFICATION

I, Carolann Smith, NE Regional Vice President of Actuarial Pricing for the UnitedHealthcare, am a member of the American Academy of Actuaries. I certify that I meet the Academy's qualification standards to render this opinion and I am familiar with the general rating requirements applicable to small group health insurance and the specific requirements of the Rhode Island small employer health insurance reform law. I certify that I meet the requirements in Regulation 11 Section 12(d)(3) for each required element:

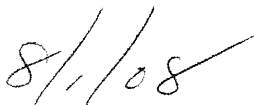
- “(A) I am a member in good standing of the American Academy of Actuaries;
(B) I am familiar with the requirements applicable to carriers under the Act;
(C) I am qualified to sign Prescribed Statements of Actuarial Opinion regarding compliance with small employer group health laws and regulations in accordance with the American Academy of Actuaries qualifications for actuaries signing such statements;
(D) I have not been found by the commissioner or his or her designee to have:
(i) violated any provision of, or any obligation imposed by, Rhode Island's insurance laws or other law in the course of my dealings as a qualified actuary;
(ii) been found guilty of fraudulent or dishonest practices;
(iii) demonstrated incompetence, lack of cooperation, or untrustworthiness to act as a qualified actuary;
(iv) submitted to the commissioner during the past five years, pursuant to the Act, an actuarial opinion or memorandum that the commissioner rejected because it did not meet the provisions of this regulation including standards set by the Actuarial Standards Board; or
(v) resigned or been removed as an actuary within the past five years as a result of actions or omissions indicated in any adverse report on examination or as a result of failure to adhere to generally acceptable actuarial standards; and
(E) I have not failed to notify the commissioner of any action taken by any insurance commissioner of any other state similar to those described above.”

I am employed by UnitedHealthcare, a UnitedHealth Group Company and have been appointed to prepare the Statement of Actuarial Opinion required by R.I. Gen. Laws § 27-50-5(h) by the authority of the board of directors through an executive officers of the UnitedHealthcare of New England, Inc. and of the United HealthCare Insurance Company.

I certify that the proposed rates and rate methodology contained in this January 2009 UnitedHealthcare of New England and United HealthCare Insurance Company Small Group filing was developed in accordance with appropriate actuarial principles, is in compliance with the requirements of R.I.G.L. Chapter 27-50 Section 27-50-5 and OHIC Regulation 11 Section 5. The format and content is as required by Rhode Island Insurance Bulletin Number 2008-3 and has been prepared in accordance with Actuarial Standard of Practice No. 26 of the American Academy of Actuaries, "Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans".



Carolann Smith, MAAA
NE Regional Vice President of Actuarial Pricing
UnitedHealthcare



Date